

HaMMR Digest

Stay current with economic and mortgage market trends.

July 21, 2025

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Just Warming Up

- **Key Takeaway:** Tariff-driven inflation continued to build in goods categories with high import exposure with further upside expected over 2H25.
- **Macro Implications:** Steady economic data will keep Fed patient, ensuring tariff-driven cost pressures refrain from becoming entrenched.
- **Housing Implications:** Committed sellers adjusting prices lower as demand remains weak against backdrop of rising months' supply.

Macro: Holding the Line

- Real retail sales show that consumers have indeed pulled back the reins.
- Fed business survey noted soft consumer demand, rising tariff pass-through.
- Industrial production slowed in 2Q but remains at above 2023–2024 levels.

Rates: Downward Bias

- 10y flat on the week despite rising to as high as 4.49% after the CPI release.
- Concerns over a “shadow” Fed chair weighed on long-end yields.
- Markets still pricing 50bps worth of cuts in '25 and 75bps in cuts for '26.

Housing: Sellers Get Dose of Reality

- Mortgage rates still stuck in high-6%/low-7% range.
- Sellers are adjusting to market conditions with listing price growth easing.
- More metros turning into buyer's markets with inventory still on the rise.

Consumer Inflation: Weight Management

- June CPI inflation rose 0.29% m/m on higher food and energy costs.
- Core inflation increased 0.23%, above prior 3- and 6-month averages.
- Tariff-impacted goods price surge masked by heavier-weighted services.

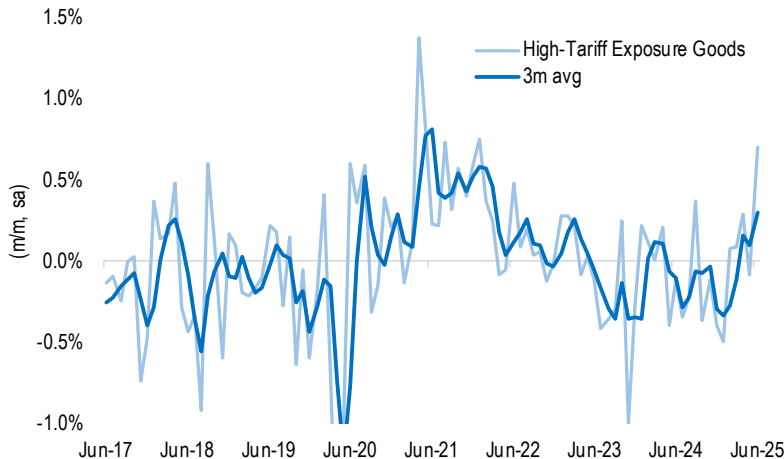
Home Construction: Beaten, Battered, Bruised

- Single-family starts collapsed -36% SAAR in 2Q after a 1% bump in 1Q.
- Permitting remained weak and will head lower amid weak sales.
- Builder sentiment edged up, but buyer traffic hit a 2022 low.

Retail Sales: Chugging Along ... in Nominal Terms

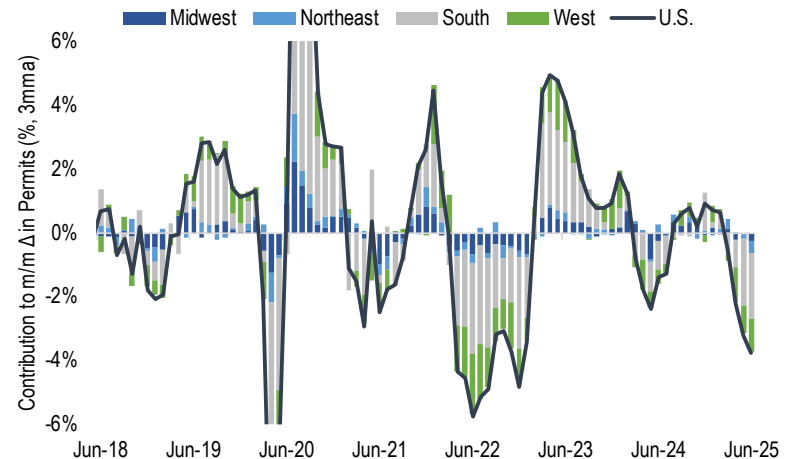
- Retail sales rose 0.6% m/m in June characterized by broad-based gains.
- Real control group sales retain a steady glidepath lower.
- Consumer spending slated to lose more steam ahead.

Core Inflation Largely Contained amid Softer Services Prices as Tariff Pressures Lurk beneath in Core Goods



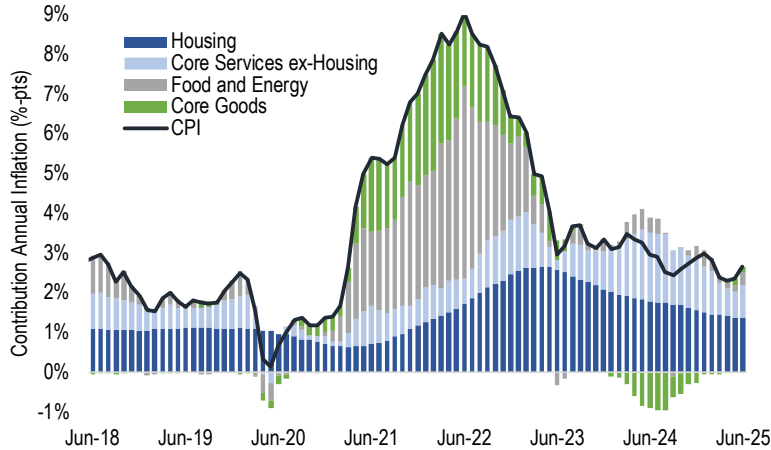
Sources: Bureau of Labor Statistics, Arch Global Economics

Housing Set To Be A Bigger Drag on Real GDP Growth Over the Remainder of 2025

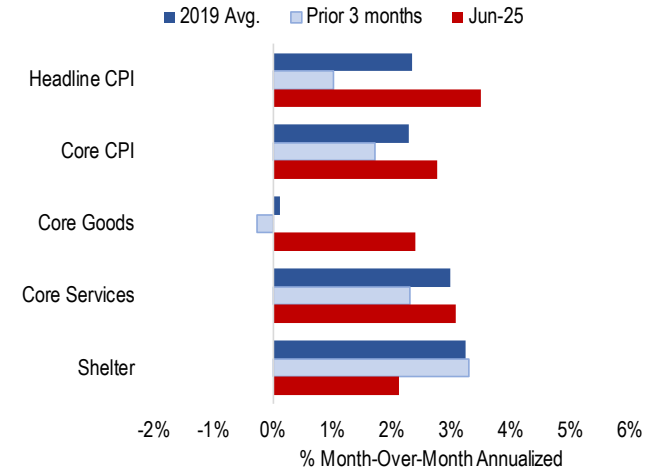


Note: “Control Group” = Retail sales excludes autos, gas, building materials and restaurants.

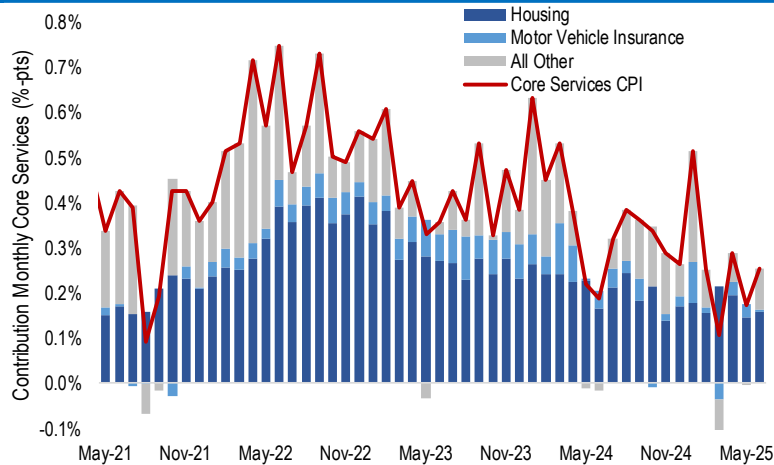
Annual Headline Inflationary Pressure Firmed on the Back of Rebounding Energy and Food Costs



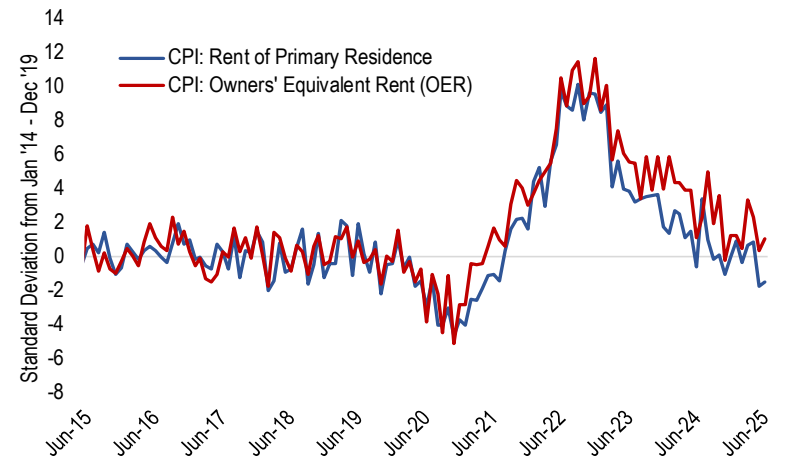
Core Goods Prices for June Show Clearest Sign That Tariffs Are Starting to Trickle through to Consumers



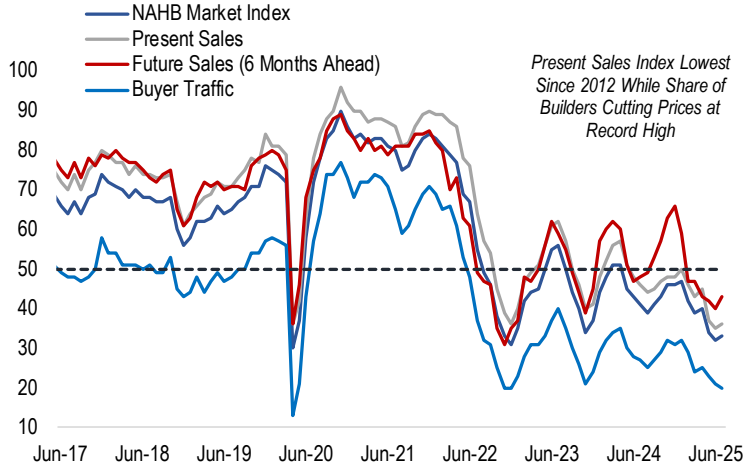
Core Services Inflation Continued Its Choppy Trend Lower ...



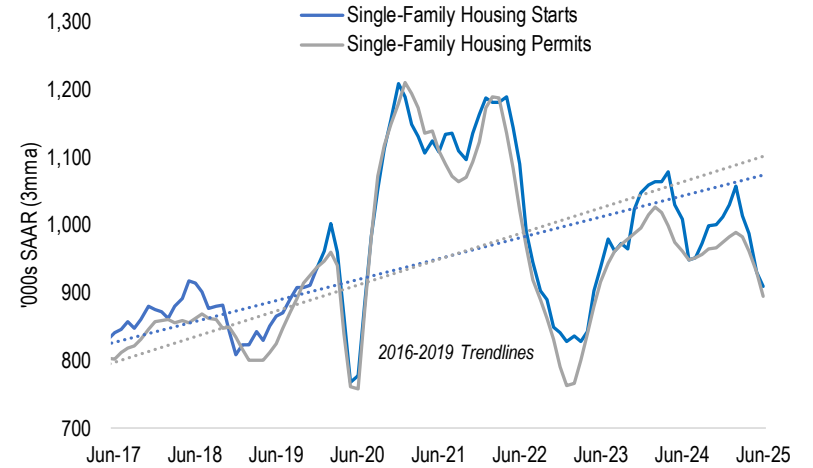
... As Housing Inflation Has Largely Normalized



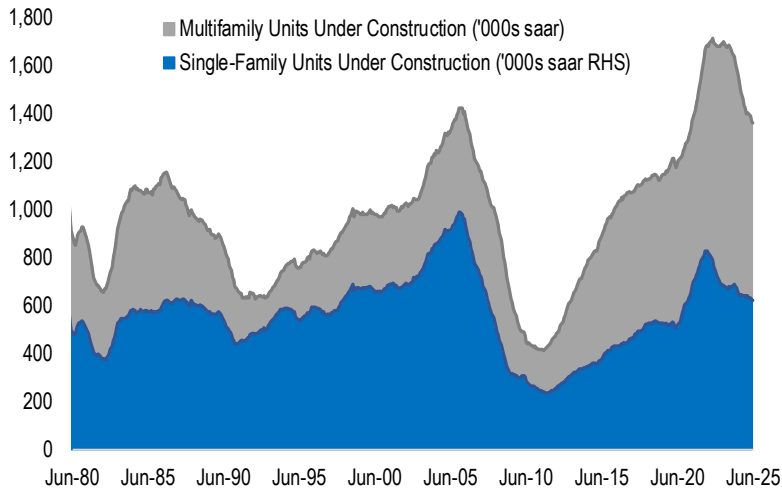
Builder Optimism Modestly Improved in July, but Perception of Buyer Traffic Sank to a Multi-Year Low



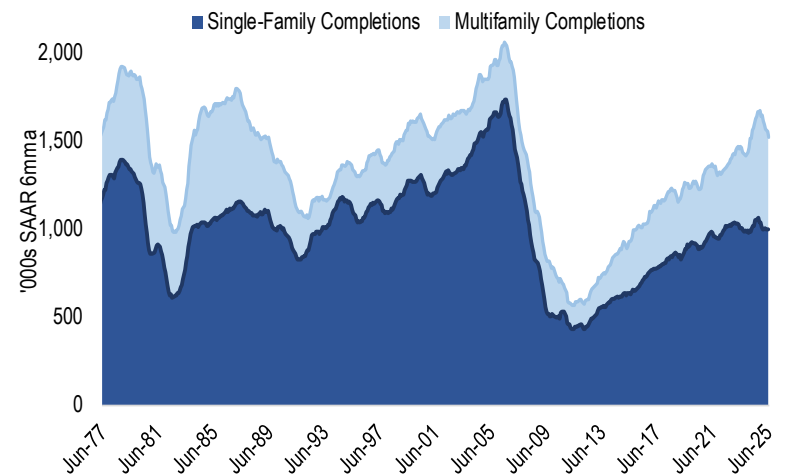
Multiple Headwinds Confront Single-Family Construction with Builders Already in Pullback Mode



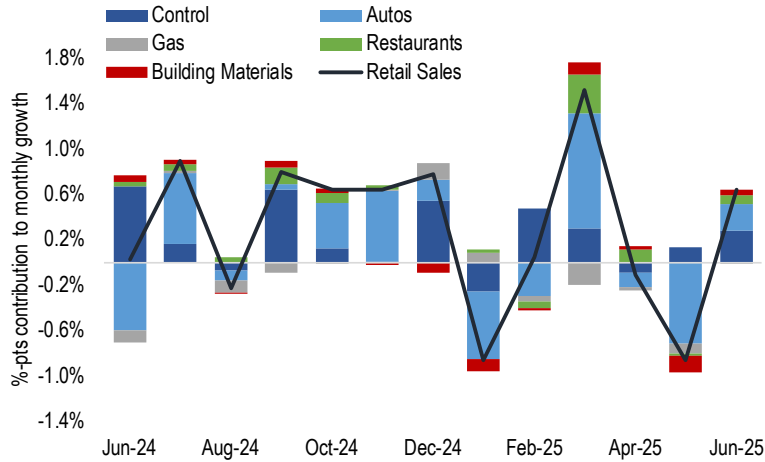
Single-Family Units in the Pipeline Trending Lower as Starts Activity Dwindles



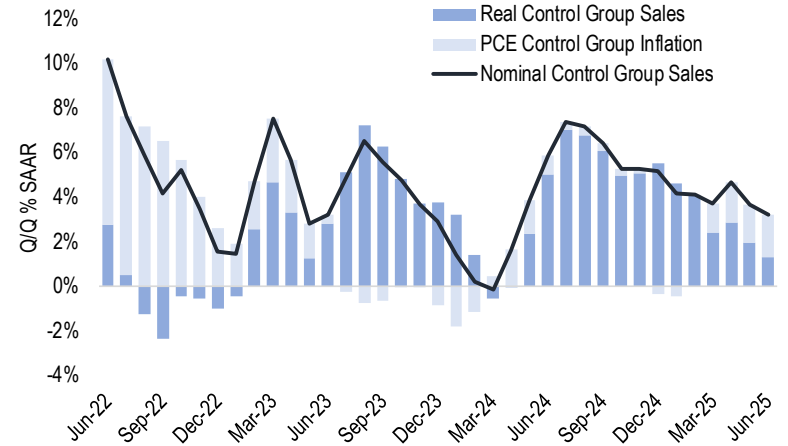
Pace of Completions Set to Slow As Starts and Units under Construction Trend Lower



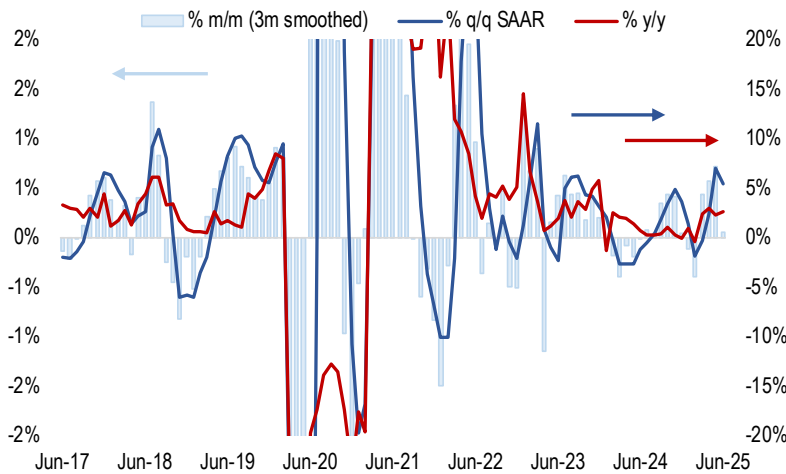
Consumer Spending Bounced Back in June but Does Not Make Up for Large Decline in May



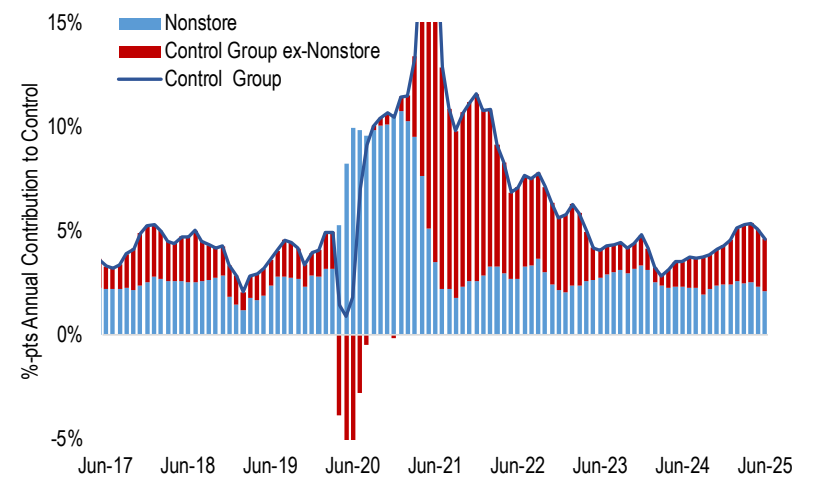
Real (Inflation-Adjusted) Control Group Sales Growth Has Cooled Notably in 2025



Quarterly Growth in Real Restaurant Sales Still a Bright Spot, Implying Consumers Not Overly Cautious Yet

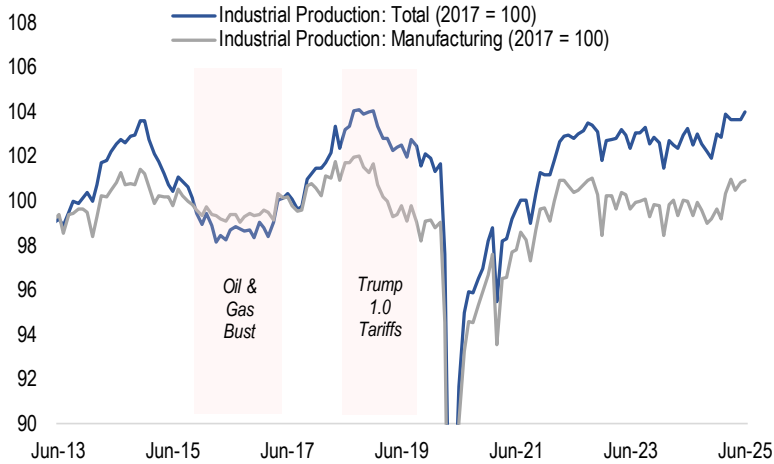


Non-Store Sales Provide Relatively Steady Underlying Momentum for Consumer Spending

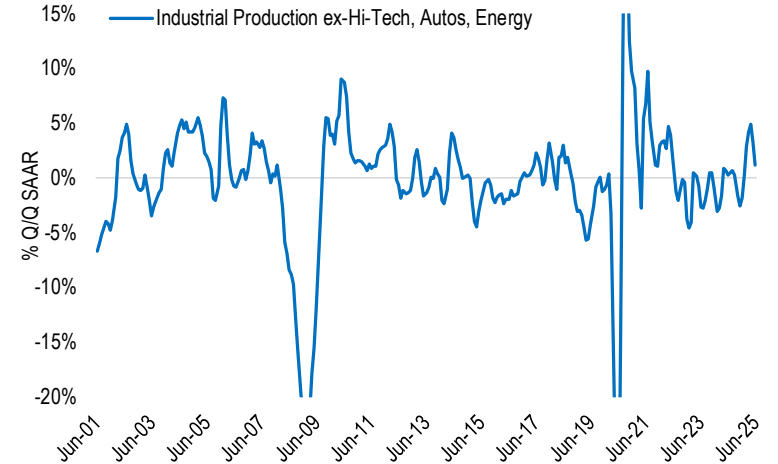


Note: "Control Group" = Retail sales excludes autos, gas, building materials and restaurants. SA = Seasonally Adjusted
Sources: U.S. Census Bureau, U.S. Bureau of Labor Statistics (BLS), Arch Global Economics

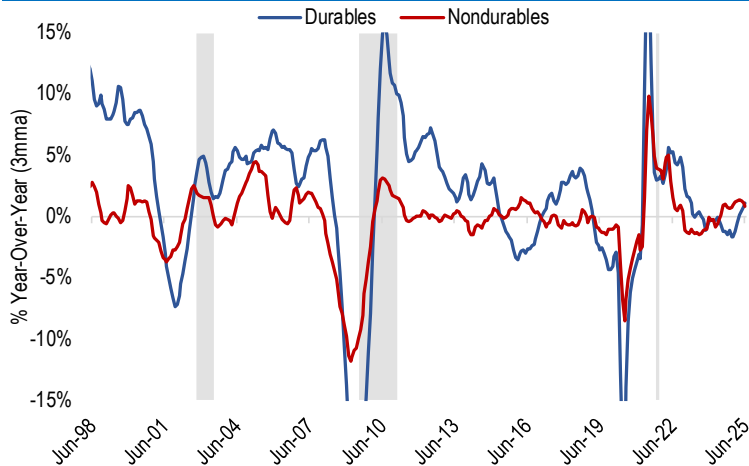
May Industrial Output Declined Mostly Due to Utilities, but Manufacturing Still above Pre-Tariff Levels



Core Industrial Production Cooled to a 1.2% Annualized Pace in 2Q25, Still above 2023–2024 Malaise

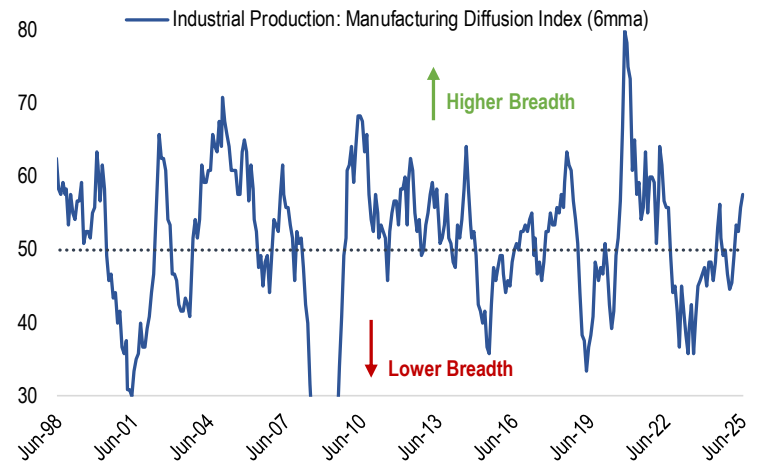


Durable Goods Still Strong, Carried by Robust Business Equipment Output

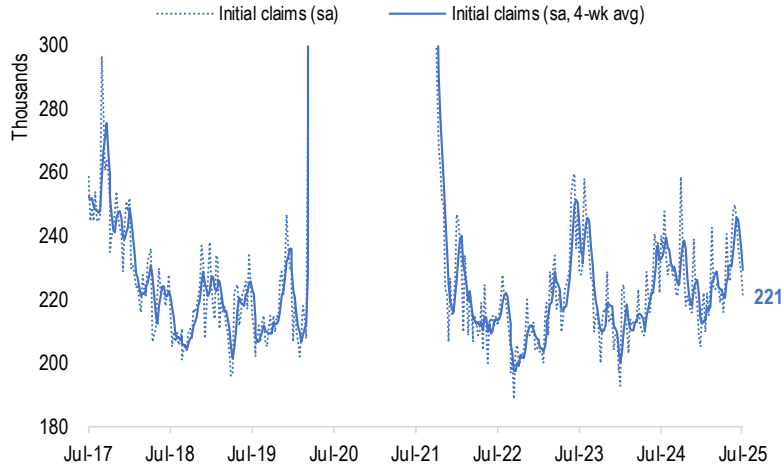


Durable goods are products that can be inventoried and have an average life of at least 3 years.

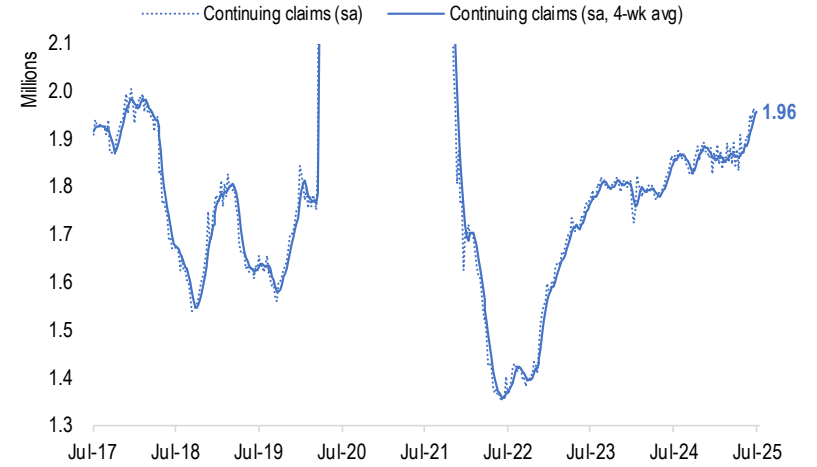
Despite Strong Breadth, Notable Weak Links Were in Autos and Electrical Equipment



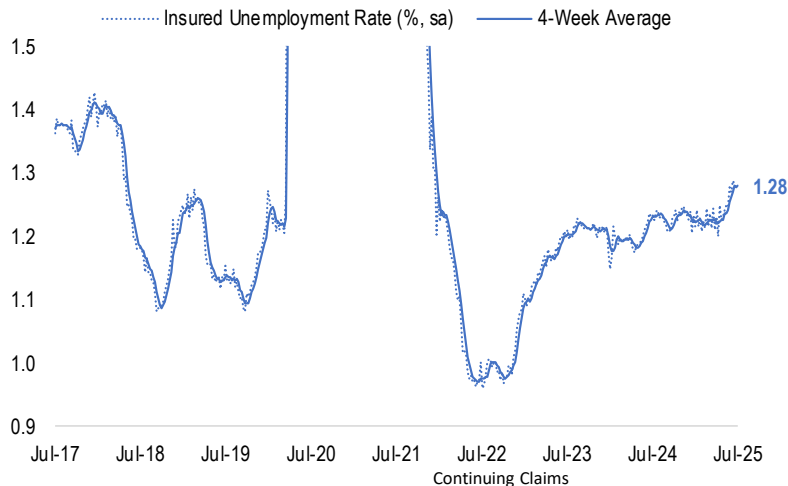
Initial Claims Inched Back down to 221k (SA) in Week Ending June 28, in Line with Post-Pandemic Average



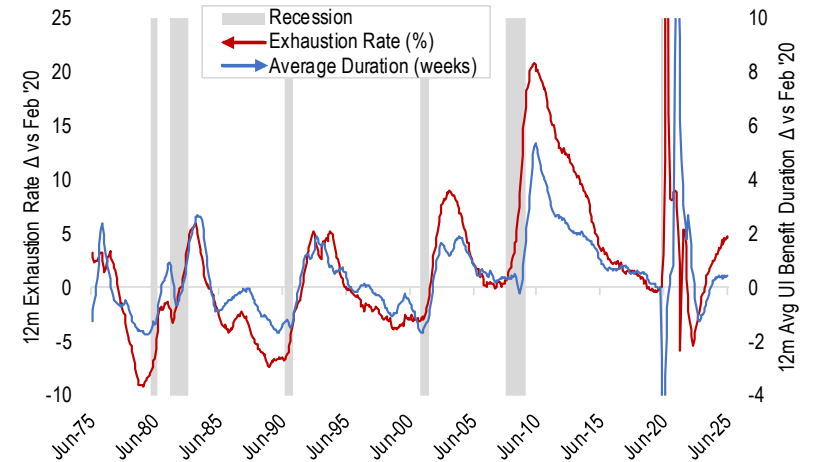
Continuing Claims Also Ticked down to (1,956k SA) in Week Ending June 21, Just below Cycle High ...



... Which Pulled Insured Unemployment down from Prior Week's Post-Pandemic High



Elevated Share of UI Recipients Exhausting Benefits Means Continuing Claims Worse Than They Appear

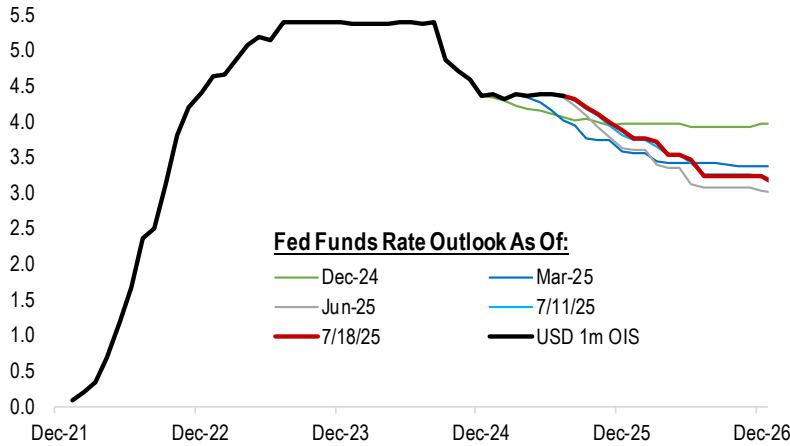


$$\text{Insured Unemployment} = \frac{\text{Continuing Claims}}{\text{Employed Population Eligible for Unemployment Insurance}}$$

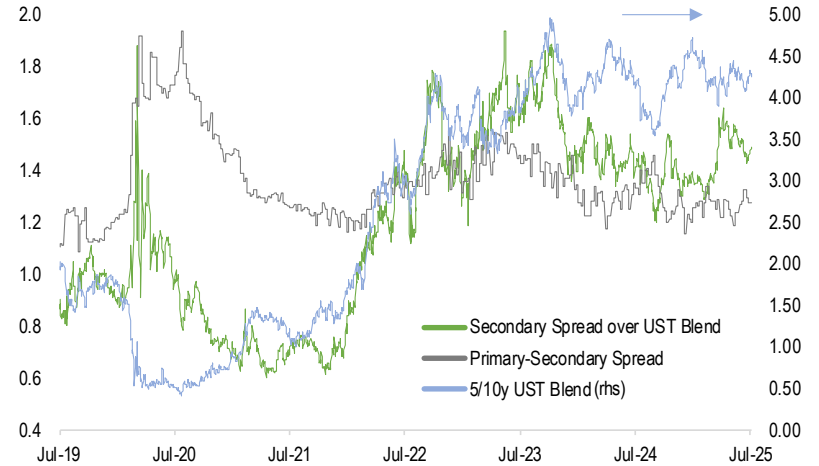
Sources: U.S. Department of Labor, Arch Global Economics

SA = Seasonally Adjusted
NSA = Not Seasonally Adjusted

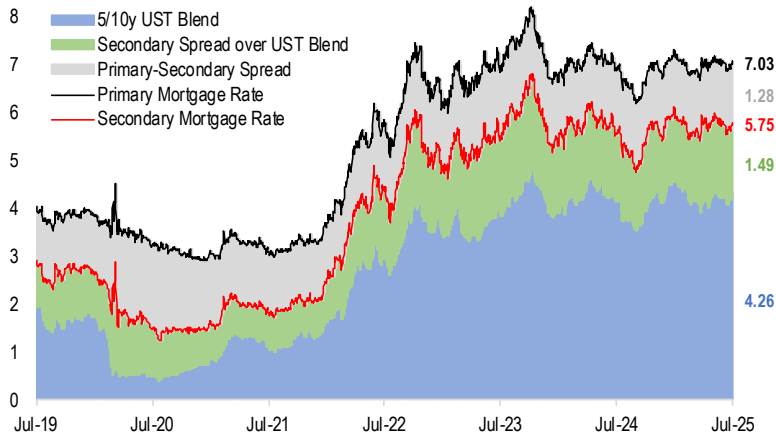
Two Rate Cuts Still Priced in for '25, Followed by Three More in '26, but Odds Declined Slightly vs. Week Ago



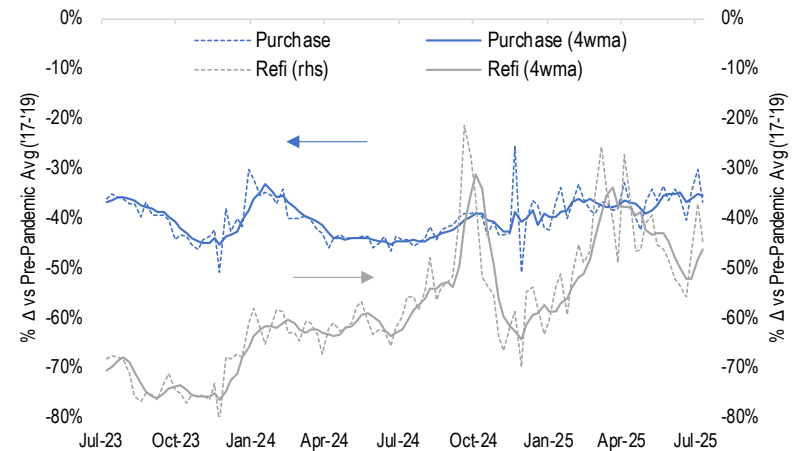
U.S. Treasury Yields Were Unchanged Last Week and Mortgage Spreads Widened 3bps ...



... Which Lifted Mortgage Rates Just above the Average Level for 2025 (~7%)



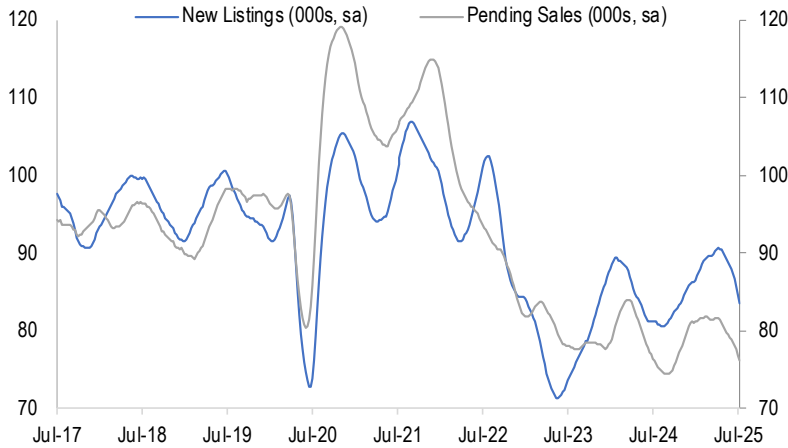
Mortgage Purchase and Refi Applications Fell in Week after Brief Surge



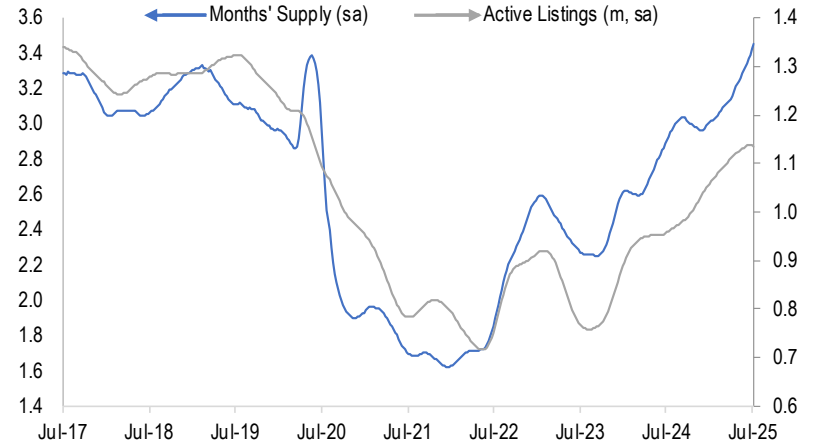
Sources: Bloomberg, FRB, Mortgage Bankers Association, Arch Global Economics

Secondary Spread: Current Coupon Option Adjusted Spread over 5/10y UST Blend
Primary-Secondary Spread: Primary Mortgage Rate – Secondary Mortgage Rate

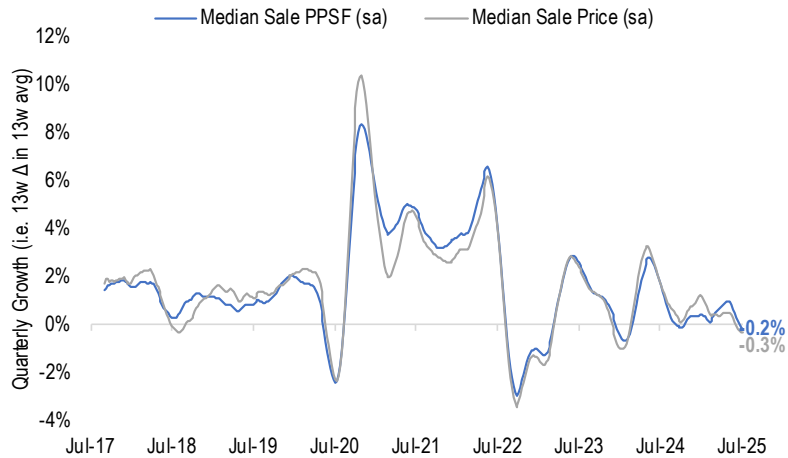
New Listings Have Cooled but Still Outpacing Pending Sales ...



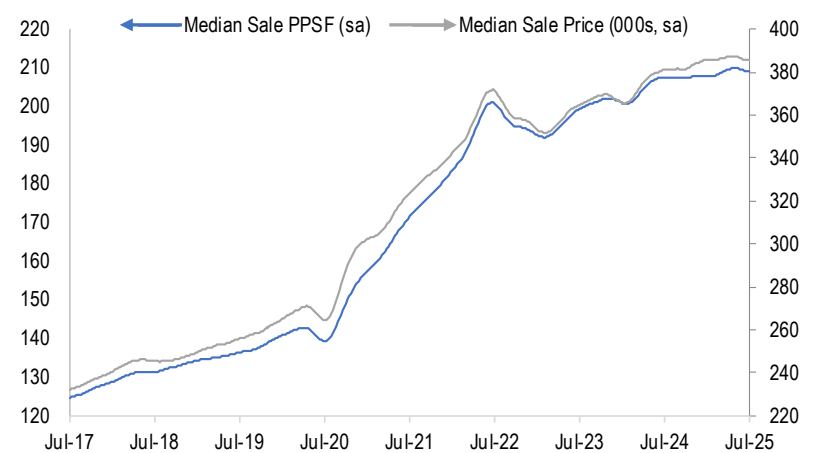
... Which Lifted Months' Supply Further above the Pre-Pandemic Level as Inventory Continued to Swell



Pace of Seasonally Adjusted Home-Price Growth Weakened through Mid-July



Home Prices Have Levelled Off after Modest Gains in Early 2025



Annual Home-Price Declines Becoming More Widespread as Most Markets Have Softened

Metro	Median Sale Price Per Square Foot (y/y)		Median List Price Per Square Foot (y/y)		Active Listings with Price Drops		Average Sale-to-List Ratio		Median Days on Market vs Pre-COVID		Total Active Listings (y/y)	Months' Supply vs Pre-COVID	
	Current	(Δ q/q, ppt)	Current	(Δ q/q, ppt)	Current	(Δ y/y, ppt)	Current	(Δ y/y, ppt)	Current	Year Ago		Current	Year Ago
All Redfin Metros	1.2%	-0.2%	3.0%	-0.3%	7.0%	1.4%	99.0%	-0.4%	-5.3	-10.3	12%	8%	-4%
Atlanta	-1.5%	-0.5%	1.8%	0.2%	8.0%	2.4%	98.3%	-0.4%	17.4	4.5	12%	17%	2%
Austin	-3.8%	-0.2%	1.6%	4.3%	9.0%	0.4%	97.2%	-0.3%	41.2	30.1	8%	132%	93%
Baltimore	3.6%	-0.1%	3.0%	-0.4%	7.0%	1.0%	100.7%	-1.0%	0.8	-6.8	18%	-18%	-29%
Boston	3.0%	0.1%	3.9%	-2.5%	6.1%	1.4%	102.0%	-1.2%	10.2	8.8	19%	2%	-7%
Chicago	5.3%	1.2%	6.2%	1.2%	4.0%	1.5%	100.6%	-0.2%	11.7	11.7	0%	-15%	-15%
Dallas	-2.3%	0.8%	0.1%	2.2%	9.7%	1.1%	97.8%	-0.3%	17.4	4.9	27%	61%	34%
Denver	-3.5%	0.3%	-0.2%	0.7%	10.5%	0.9%	99.0%	-0.4%	16.8	7.6	29%	106%	67%
Houston	-0.5%	0.2%	1.5%	1.0%	9.0%	3.3%	97.0%	-0.6%	15.1	0.6	19%	29%	19%
Los Angeles	-0.3%	-1.8%	2.7%	0.0%	8.8%	5.4%	99.8%	-1.5%	5.5	-3.0	0%	18%	17%
Miami	1.1%	0.4%	6.5%	4.4%	4.5%	1.2%	95.2%	-0.7%	30.0	5.0	21%	73%	-2%
Minneapolis	1.4%	1.0%	2.1%	0.1%	7.6%	2.6%	100.6%	0.0%	-0.8	-1.8	4%	1%	-1%
Nashville	2.2%	1.9%	4.0%	1.4%	6.0%	1.4%	98.3%	-0.2%	9.4	-2.8	13%	42%	22%
New York	7.3%	-1.2%	7.1%	3.3%	3.8%	0.4%	101.2%	0.3%	-37.6	-39.1	4%	-22%	-29%
Phoenix	-3.6%	-3.7%	1.1%	0.5%	7.2%	0.3%	97.9%	-0.4%	21.2	8.7	22%	62%	48%
Portland	-0.4%	-0.9%	1.0%	-0.5%	8.3%	0.8%	99.7%	-0.1%	8.8	4.5	3%	33%	29%
Riverside	0.2%	-1.5%	1.7%	0.0%	8.7%	4.4%	99.0%	-0.6%	2.4	-11.1	2%	9%	8%
San Diego	-1.6%	-1.6%	0.7%	3.0%	8.6%	3.2%	99.0%	-1.2%	13.6	-0.4	15%	41%	7%
Seattle	0.6%	-0.9%	2.2%	-2.0%	8.0%	1.4%	99.6%	-1.5%	3.4	-1.8	34%	61%	16%
Tampa	-2.5%	0.3%	5.3%	4.5%	9.4%	0.3%	97.0%	-0.4%	14.7	3.8	10%	69%	46%
Washington DC	3.7%	1.5%	4.7%	1.1%	6.0%	1.3%	99.8%	-1.0%	17.9	6.4	26%	22%	-1%

Data as of July 13, 2025, and reflects 4-week averages.

Upcoming Data Releases

Key economic and housing data releases for the coming week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
7/21/25	10:00 AM	Conference Board Leading Index m/m	Jun	--	-0.3	--	-0.1	%, sa
7/22/25	10:00 AM	Richmond Fed Manufact. Index	Jul	--	-2.0	--	-7.0	index, sa
7/23/25	7:00 AM	MBA Mortgage Applications w/w	Jul 18	--	--	--	-10.0	%, sa
7/23/25	10:00 AM	Existing Home Sales	Jun	--	4.0	--	4.0	m, saar
7/23/25	10:00 AM	Existing Home Sales m/m	Jun	--	-0.7	--	0.8	%, sa
7/24/25	11:00 AM	Building Permits	Jun F	--	--	--	1,397	k, saar
7/24/25	11:00 AM	Building Permits m/m	Jun F	--	--	--	0.2	%, sa
7/24/25	8:30 AM	Initial Jobless Claims	Jul 19	--	225	--	221	k, sa
7/24/25	8:30 AM	Chicago Fed Nat Activity Index	Jun	--	-0.2	--	-0.3	index, nsa
7/24/25	8:30 AM	Continuing Claims	Jul 12	--	1,960	--	1,956	k, sa
7/24/25	9:45 AM	S&P Global US Manufacturing PMI	Jul P	--	52.5	--	52.9	index, sa
7/24/25	9:45 AM	S&P Global US Services PMI	Jul P	--	53.0	--	52.9	index, sa
7/24/25	9:45 AM	S&P Global US Composite PMI	Jul P	--	52.7	--	52.9	index, sa
7/24/25	10:00 AM	New Home Sales	Jun	--	650	--	623	k, saar
7/24/25	10:00 AM	New Home Sales m/m	Jun	--	4.3	--	-13.7	%, sa
7/24/25	11:00 AM	Kansas City Fed Manf. Activity	Jul	--	0.0	--	-2.0	sa, index
7/25/25	8:30 AM	Durable Goods Orders m/m	Jun P	--	-10.3	--	16.4	%, sa
7/25/25	8:30 AM	Cap Goods Orders Nondef Ex Air m/m	Jun P	--	0.2	--	1.7	%, sa
7/25/25	8:30 AM	Cap Goods Ship Nondef Ex Air m/m	Jun P	--	0.3	--	0.4	%, sa

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics

Recent Data Releases

Key economic and housing data releases over the prior week:

Date	Time	Indicator	Period	Actual	Consensus	Revised	Prior	Note
7/15/25	8:30 AM	CPI m/m	Jun	0.3	0.3	--	0.1	%, sa
7/15/25	8:30 AM	CPI Core (ex Food and Energy) m/m	Jun	0.2	0.3	--	0.1	%, sa
7/15/25	8:30 AM	CPI y/y	Jun	2.7	2.6	--	2.4	%, nsa
7/15/25	8:30 AM	CPI Core (ex Food and Energy) y/y	Jun	2.9	2.9	--	2.8	%, nsa
7/16/25	7:00 AM	MBA Mortgage Applications w/w	Jul 11	-10.0	--	--	9.4	%, sa
7/16/25	8:30 AM	PPI Final Demand m/m	Jun	0.0	0.2	0.3	0.1	%, sa
7/16/25	8:30 AM	PPI Core (ex Food and Energy) m/m	Jun	0.0	0.2	0.4	0.1	%, sa
7/16/25	8:30 AM	PPI Final Demand y/y	Jun	2.3	2.5	2.7	2.6	%, nsa
7/16/25	8:30 AM	PPI Core (ex Food and Energy) y/y	Jun	2.6	2.7	3.2	3.0	%, nsa
7/16/25	9:15 AM	Industrial Production m/m	Jun	0.3	0.1	0.0	-0.2	%, sa
7/16/25	9:15 AM	Capacity Utilization	Jun	77.6	77.4	77.5	77.4	sa
7/17/25	8:30 AM	Advance Retail Sales m/m	Jun	0.6	0.1	--	-0.9	%, sa
7/17/25	8:30 AM	Retail Sales Control Group m/m	Jun	0.5	0.3	0.2	0.4	%, sa
7/17/25	8:30 AM	Import Price Index m/m	Jun	0.1	0.3	-0.4	0.0	%, nsa
7/17/25	8:30 AM	Import Price Index y/y	Jun	-0.2	0.4	-0.2	0.2	%, nsa
7/17/25	8:30 AM	Initial Jobless Claims	Jul 12	221	233	228	227	k, sa
7/17/25	8:30 AM	Continuing Claims	Jul 5	1,956	1,965	1,954	1,965	k, sa
7/17/25	10:00 AM	Business Inventories m/m	May	0.0	0.0	--	0.0	%, sa
7/17/25	10:00 AM	NAHB Housing Market Index	Jul	33	33	--	32	index, sa
7/18/25	8:30 AM	Housing Starts	Jun	1,321	1,300	1,263	1,256	k, saar
7/18/25	8:30 AM	Building Permits	Jun P	1,397	1,387	--	1,394	k, saar
7/18/25	8:30 AM	Housing Starts m/m	Jun	4.6	3.5	-9.7	-9.8	%, sa
7/18/25	8:30 AM	Building Permits m/m	Jun P	0.2	-0.5	--	-2.0	%, sa
7/18/25	10:00 AM	U. of Mich. Sentiment	Jul P	61.8	61.5	--	60.7	index, nsa
7/18/25	10:00 AM	U. of Mich. 1 Yr Inflation	Jul P	4.4	5.0	--	5.0	nsa
7/18/25	10:00 AM	U. of Mich. 5-10 Yr Inflation	Jul P	3.6	3.9	--	4.0	nsa

Sources: Bloomberg Consensus Survey of Economists, Arch Global Economics

Green = upside surprise; **Red** = downside surprise; (compared vs. prior if no consensus estimates available)